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STATE PAYMENT OF TAX EXEMPTION LOSSES

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Argument Against Senate Constitutional Amendment No. 22

THIS AMENDMENT SHOULD BE DEFEATED BECAUSE:

1. It will remove from civil service all the employees in the Hide and Brand inspection division of the State Department of Agriculture (Sec. 4(a) (17)).
2. It undermines the State civil service.
3. It substitutes the Spoils System for the Merit System in the selection of a number of permanent State employees.
4. No reason has been given justifying this provision.
5. If adopted it will be the opening return of other State services to the Spoils System.
6. Endless confusion in the Department of Agriculture will result.

Exceptions (1) to (14) of subdivision (a) of Section 4 of Article XXIV of the State Constitution were in the Constitutional Amendment when adopted by the people in 1934 by the overwhelming vote of 1,216,141 to 382,609. A number of those exceptions have since been made civil service by the Legislature.

Exceptions (15), (16), (17) and (18) are being added by this Senate Constitutional Amendment No. 22. Exceptions (15), (16) and (18) deal only with temporary or already exempt employees.

Exception (17) will remove from civil service a number of permanent civil service employees and an entire division in the Department of Agriculture.

When introduced in the Legislature, the amendment did not contain exception (17). This exception was added on the floor of the Senate AFTER the measure had been heard in Committee. The Committee had no opportunity to consider the merits of exception (17).

Because the exception was added in the busy closing days of the Legislature, those interested

in and charged with the administration of the Merit System and the Hide and Brand inspection laws, such as the Department of Agriculture and the State Personnel Board, were unaware of the insertion of exception (17) and learned of it only after the Legislature had adjourned and when it was too late to make their objections known to the legislators.

The concern of the Department of Agriculture over the proposed removal of the Hide and Brand Inspectors from civil service, and their opposition to such a move is expressed in the following Resolution adopted by the State Board of Agriculture on March 15, 1948:

"It was regularly moved, seconded and carried by the California State Board of Agriculture, meeting at Sacramento, Monday, March 15, 1948, that the California State Board of Agriculture recommends opposition to Senate Constitutional Amendment No. 22 because of the inclusion therein of hide and brand inspectors employed by the California State Department of Agriculture."

No meritorious reason has been given why this class of permanent employees should be singled out for removal from civil service. It is no different than many other inspection, law enforcement and other classes of permanent employees in the State civil service.

The California State Civil Service System is regarded as one of the outstanding systems in the nation and is used as a model in establishing other civil service systems. There should be no tampering with it.

VOTE NO ON SENATE CONSTITUTIONAL AMENDMENT NO. 22.

CALIFORNIA STATE EMPLOYEES' ASSOCIATION

F. M. CARTER, President

CALIFORNIA MERIT SYSTEM

LEAGUE

JULIUS C. KNOBLAUCH, President

18 STATE PAYMENT OF TAX EXEMPTION LOSSES. Senate Constitutional Amendment No. 14. Adds Section 19 to Article XIII of the Constitution. Requires State annually to reimburse each county, city and county, city, and district for losses in tax revenues arising from real property tax exemptions of veterans and of religious, hospital and charitable institutions.

YES	
NO	

(For full text of measure, see page 15, Part II)

Argument in Favor of Senate Constitutional Amendment No. 14

This measure simply equalizes between the State and local governments, and the taxpayers thereof, the loss in revenue resulting from the veteran and welfare property tax exemptions.

A *yes* vote is a vote for equality in taxation. This measure does not take away either the veterans or welfare property tax exemption.

This amendment strikes at a weak spot in the tax exemption set-up. The State now exempts property of veterans and welfare groups from local property taxation including that for county, city, school, and other district government. In passing this legislation the State has recognized its obligations to veterans and welfare organizations but has failed to assume responsibility for these obligations.

These tax exemptions annually cause heavy loss of revenue to counties, cities and districts. The State neither shares in the loss nor alleviates it.

Furthermore, the burden is not evenly distributed among local governments. It falls heavily upon certain areas, depending upon chance distribution of veterans and welfare groups throughout the State.

The record shows that veterans have settled more heavily in certain areas than in others. Those areas having the greatest number of veterans lose the greatest amount of tax revenue. The same situation applies in those areas where welfare groups are substantial property owners.

The heavy loss of tax revenue in some areas has seriously affected local governments therein.

Ordinary property owners in these areas are also unfairly burdened. They must pay far heavier taxes than their proportionate share.

Among the districts, school districts are the most heavily hit. Their educational systems are largely dependent upon tax revenue; without it they inevitably suffer a serious curtailment of their educational program.

Veterans' exemptions are now increasing at a staggering rate. The uneven distribution of veterans and their families throughout the State makes the situation even more unsound. In one city, it is estimated that veteran exempted property in the 1947-48 fiscal year amounted to \$61,359,316, and the result was a \$1,118,580 loss in revenue.

The proposed amendment will pass the burden of these revenue losses from local governments to the State government, and, in so doing, will balance the unequal distribution of tax revenue now existing.

The measure provides that the State shall reimburse each county, city and district government with an amount equal to their annual loss of revenue resulting from the tax exemption of veteran and welfare property.

The amendment is limited strictly to reimbursement for veterans and welfare groups. The latter exemption does not include orphan asylums, church property, college property or any other type of property which was tax exempt prior to the adoption of the welfare exemption in 1944. These exemptions will still remain a burden upon the local property tax system, and will continue to be locally supported.

The State must uphold its obligations to veterans and to those who need its help. Passing measures for their benefit is not enough; financial aid should support these measures.

The amendment vitally affects you and your local government. Vote *yes* and give yourself and your local government a fair deal.

BEN HULSE,
Senator, 39th Dist.
Chairman of the Senate Interim
Committee on State and Local
Taxation

JOHN R. QUINN,
Past National Commander of
American Legion and Assessor
of Los Angeles County

GEORGE J. HATFIELD,
Senator, 24th Dist.

Argument Against Senate Constitutional Amendment No. 14

In the year 1914 there was submitted to all of the voters of California propositions which would permit the exemption from taxation certain property owned by veterans and religious and charitable institutions. A majority of all of the people of the State were in favor of the propositions and they are now part of our Constitution.

If this tax exemption is improper and is injuring local government then it is certain that the remedy is to amend the Constitution and remove the tax exemption. That is not what the proponents of the present amendment desire. They want to retain the exemptions and the benefits that go with them, and in addition to that they want the State Treasury to reimburse the cities, counties and all taxing districts for the revenue they would have received if the property belonging to the veterans and the institutions had not been exempted from taxation.

We take the position that tax money raised by the State should be spent for State purposes. It

should not be given away. If too much tax money is raised then the State taxes should be reduced.

History in California shows that where a local expenditure is paid by a subsidy out of the State Treasury on the basis of a promise of reduction of local taxes it merely results in increasing the State tax burden and without any lasting reduction in local taxes. This was true in the case of the sales tax and also in the case of the liquor tax.

There is little or no incentive to economize with tax money where the spender does not have the responsibility of raising the tax. Grants from the State for local government without strict accountability lead to extravagance, wastefulness, and disregard for the tax burden which every spending by government creates.

The principle of the amendment is bad, the precedent is bad and is not a solution of the tax inequities that exist. It will not reduce the local taxes but will add to the burden of every taxpayer through the necessity of raising \$25,000,000.00 a year by the State. In addition to the reimbursement of \$25,000,000.00 per year there will be the additional cost of assessing and collecting the tax and determining the distribution of the reimbursement, and the auditing and accounting required which may add another \$5,000,000.00 a year in unseen taxes.

The proposed constitutional amendment if adopted may lead to the establishment of other exemptions and further State tax burden. If the State Treasury is to reimburse the counties, the cities, and all taxing districts for the loss of this revenue, then why not reimburse all of them for the loss of taxes which they lose on College Property, Burial Plots, Church Property, and Orphan Asylums, all of which are now exempt from taxation under Article 13 of the Constitution.

There is no sound or sensible reason for voting for this amendment, therefore, your vote should be an emphatic "NO".

W. P. RICH, Senator, 10th Dist.

FISH AND GAME COMMISSION. Assembly Constitutional Amendment No. 27.

Amends Section 254 of Article IV of the Constitution, which presently contains no provision permitting members of the Fish and Game Commission to hold office after the expiration of their respective six-year terms and until their successors take office. Amendment provides that each Commissioner shall continue in office after the expiration of his term and until the appointment and qualification of his successor.

YES

NO

(For full text of measure, see page 15, Part II)

Argument in Favor of Assembly Constitutional Amendment No. 27

This measure, which is submitted to the people by a unanimous vote of the State Legislature, should have a *yes* vote.

When adopted, this measure will make absolutely clear that members of the Fish and Game Commission continue to serve after the expiration of their terms until their successors are appointed and qualified.

Because there has been some doubt that this was the existing law, members of the Fish and Game Commission have not served during the

interim between the expiration of their terms and the appointment of their successors.

This has made it difficult, if not impossible, for the Fish and Game Commission to function during such interim.

In order that the Fish and Game Commission may function twelve full months in each year without any question arising as to the regularity of the membership constituting it, your *yes* vote is respectfully urged.

THOMAS M. ERWIN,
Assemblyman, 50th Dist.
WILLIAM S. GRANT,
Assemblyman, 70th Dist.

END

- (2) State officers directly appointed by the Governor with or without the consent or confirmation of the Senate and the employees of the Governor's office.
- (3) State officers and employees directly appointed or employed by the Attorney General or the Judicial Council; or by any court of record in this State or any justice, judge or clerk thereof.
- (4) State officers and employees directly appointed or employed by the Legislature or either house thereof.
- (5) One person holding a confidential position to any officer mentioned in paragraphs (1), (2) or (4) hereof except that there shall be but one such position to any board or commission composed in whole or in part of officers mentioned in said paragraphs, each such person to be selected by the officer, board or commission to be served.
- (6) One deputy for the Legislative Counsel and for each state officer elected by the people, each such deputy to be selected by the officer to be served.
- (7) Persons employed by the University of California.
- (8) Persons employed by any state normal school or teachers college.
- (9) The teaching staff of all schools under the direction or jurisdiction of the Superintendent of Public Instruction, the Department of Education or the director thereof or the State Board of Education who otherwise would be members of the state civil service.
- (10) Employees of the Federal Government, or persons whose selection is subject to rules or requirements of the Federal Government, engaged in work done by cooperation between the State and Federal Government or engaged in work financed in whole or in part with federal funds.
- (11) Persons appointed or employed by or under the State Board of Prison Directors or any warden of a state prison.
- (12) The officers and employees of the Railroad Commission.
- (13) Member help in the Veterans' Home of California and inmate help in all state charitable or correctional institutions.
- (14) The members of the militia of the State while engaged in military service.
- (15) Officers and employees of district agricultural associations employed less than six months in any one calendar year.
- (16) Stewards, judges and veterinarians of the California Horse Racing Board who are not employed on a full time basis.
- (17) Hide and brand inspectors employed by the Department of Agriculture.
- (18) Employees, not exceeding four in number, of the State Board of Equalization.
- (b) The Legislature may provide that the provisions of this article shall apply to, and the term "state civil service" shall include, any person or group of persons hereinbefore excepted other than those mentioned in paragraphs (1), (2), (7) or (14) of subdivision (a) of this section. Hereafter, no exception shall be revived with respect to any person or group of persons heretofore or hereafter included in the state civil service under this subdivision.
- (c) Whenever the appointment or employment of new or additional officers or employees of this State is hereafter authorized by law, such officers or employees shall be subject to the provisions hereof and included within the state civil service unless of a class excepted herein.

STATE PAYMENT OF TAX EXEMPTION LOSSES. Senate Constitutional Amendment No.

18 14. Adds Section 19 to Article XIII of the Constitution. Requires State annually to reimburse each county, city and county, city, and district for losses in tax revenues arising from real property tax exemptions of veterans and of religious, hospital and charitable institutions.

YES

NO

(This proposed amendment does not expressly amend any existing section of the Constitution, but adds a new section thereto; therefore, the provisions thereof are printed in **BLACK-FACED TYPE** to indicate that they are **NEW**.)

PROPOSED AMENDMENT TO THE CONSTITUTION

Sec. 18. There shall be paid annually to each county, city and county, city and district of this State an amount equivalent to the aggregate annual loss of revenue to such county, city and county, cities or districts as results from the exemption from ad valorem taxes of real property within its boundaries provided for by Sections 1e and 1j of this article or any law enacted by the Legislature pursuant to Sections 1e and 1j of this article.

Payment to each county, city and county, city and district pursuant to this act shall be made by the State Controller in two equal installments during the months of May and November of each year, payable to the treasurer of each such county, city and county, city and district. In addition to any other copy of claim for such exemption required to be filed with the assessor concerned, an additional copy shall be filed with such assessor who shall deliver it to the county auditor. The Department of Finance shall prescribe such procedure, forms and information as it deems necessary to perform the duties

imposed upon it by this section. The determination of the loss of revenues by reason of such tax exemptions shall be made annually by the Department of Finance from copies of claims for exemptions allowed which shall be furnished by the county auditor of each county or city and county. Such determination shall be made on or about the first day of March of the loss for the current fiscal year. In making the determination the property shall be given a value no greater than that shown on the local assessment rolls for property of substantially like character in the same locality and the rates of taxation applied in computing such loss shall not exceed those fixed by the local taxing agencies on property of substantially like character. The Department of Finance shall consult with the State Board of Equalization in making its determination of the loss of revenues.

After such determination has been made as to each county, city and county, city and district, the Department of Finance shall transmit to the State Controller prior to the first day of May and November of each year a written statement showing the amount of the loss of revenue by each county, city and county, city and district during the current fiscal year. The Controller shall pay the amount of such determination as herein provided. Payment of such amount shall be from any money in the State Treasury not otherwise appropriated.

FISH AND GAME COMMISSION. Assembly Constitutional Amendment No. 27. Amends

19 Section 25j of Article IV of the Constitution, which presently contains no provision permitting members of the Fish and Game Commission to hold office after the expiration of their respective six-year terms and until their successors take office. Amendment provides that each commissioner shall continue in office after the expiration of his term and until the appointment and qualification of his successor.

YES

NO

This proposed amendment expressly amends an existing section of the Constitution, therefore, **NEW PROVISIONS** proposed to be **INSERTED** are printed in **BLACK-FACED TYPE**.)

PROPOSED AMENDMENT TO THE CONSTITUTION

Sec. 25j. The Legislature may provide for the division of the State into fish and game districts and may enact such laws for the protection of fish and game in such districts or parts thereof as it may deem appropriate.

There shall be a Fish and Game Commission of five members appointed by the Governor, subject to confirmation by the Senate, with

a term of office of six years and until their respective successors are appointed and qualified, except that the terms of the members first appointed shall expire as follows: One member, January 15, 1943; one member, January 15, 1944; one member, January 15, 1945; one member, January 15, 1946; and one member, January 15, 1947. Each subsequent appointment shall be for six years, or, in case of a vacancy, then for the unexpired portion of such term. The Legislature may delegate to the commission such powers relating to the protection, propagation and preservation of fish and game as the Legislature sees fit. Any member of the commission may be removed by concurrent resolution of the Legislature passed by the vote of a majority of the members elected to each of the two houses thereof.

END